

Scott Hummel

Testimony before the Senate Families, Seniors, and Human Services Committee
October 26, 2011

Dear Madam Chair and Committee Members,

Thank you for the opportunity to address our concerns regarding SB 706 and producer senior designations.

My name is Scott Hummel and I am VP for Government Affairs for the Michigan Association of Insurance Agents (MAIA), a statewide trade association representing Independent Insurance Agencies. Our 900 members represent almost 9000 producers and their employees all across Michigan.

First, MAIA believes the current insurance code regarding unfair trade practices covers what the bill's language is attempting to address. MCL 500.2007 reads:

"The following are defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio station, or in any other way, an advertisement, announcement or statement containing any assertion, representation or statement with respect to the business of insurance or with respect to any person in the conduct of his insurance business, which is untrue, deceptive or misleading."

So it is already illegal to use designations that are untrue, deceptive or misleading. If you consider Page 2, line 6, subsection A of the proposed bill, it reads: "**(A) USE OF A CERTIFICATION OR PROFESSIONAL DESIGNATION BY AN INSURANCE PRODUCER WHO HAS NOT ACTUALLY EARNED OR IS OTHERWISE INELIGIBLE TO USE THE CERTIFICATION OR DESIGNATION.** That is untrue, deceptive, misleading, and fraudulent and already against the law.

Line 9; (B) **USE OF A NONEXISTENT OR SELF-CONFERRED CERTIFICATION OR PROFESSIONAL DESIGNATION.** That again is misleading and covered in the current code.

Line 11; (C) **USE OF A CERTIFICATION OR PROFESSIONAL DESIGNATION THAT INDICATES OR IMPLIES A LEVEL OF OCCUPATIONAL QUALIFICATIONS OBTAINED THROUGH EDUCATION, TRAINING, OR EXPERIENCE THAT THE INSURANCE PRODUCER USING THE CERTIFICATION OR DESIGNATION DOES NOT HAVE.** That again is misleading and deceptive and against the law currently.

Thus, OFIR currently has both the statutory authority and the enforcement penalties to address the intent of this proposed language. At a time when the Administration is seeking to reduce rules and regulations that are unnecessary or duplicate existing, this bill would be going in the opposite direction. In addition, the expansion of language can add confusion and misunderstanding on the parties involved.

In referring to what words can be used to describe a designation under this language – page 3, line 18 of the bill – let me use an example: Tim Skubick is a “Senior Capitol Correspondent.” Is his self designated title meaning that his stories are meant to appeal to “seniors,” or that he has just been around here a long time? If Scott Hummel of the Hummel Insurance Agency is a “Senior Financial Advisor,” am I implying that I cater to senior needs or that I am simply to most senior of the financial advisors of our agency? This bill would make it illegal for me to use that title unless I have received the proper credentialed designation.

Finally, this appears to be a solution looking for a problem. Our members are great at reporting to us concerns that they have encountered in the field. This is not one of them. If you ask OFIR, they may report also that this is not a problem that we are facing in Michigan. I would ask you legislators, “Has your office received any complaints to this effect – that seniors are being mislead by insurance producer designations that are invalid or not true? And if so, did OFIR or was OFIR able to enforce the current law and address the agent’s misleading behavior?”

We certainly do not condone nor would we try to protect any producer who would deceive or mislead a senior or vulnerable adult. OFIR already has a lot of tools in there toolbox to address deception and to maintain compliance. To add yet more exhaustive detail for compliance as to what SB 706 does adds the possibility of confusion among law abiding producers and subjects them to even more scrutiny by regulators without corresponding complaints that this is a problem.

Thanks for the opportunity to share our concerns.

We have not taken an official position on the bill due to the timing of our legislative committee and board meetings.

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